

Fig. 1

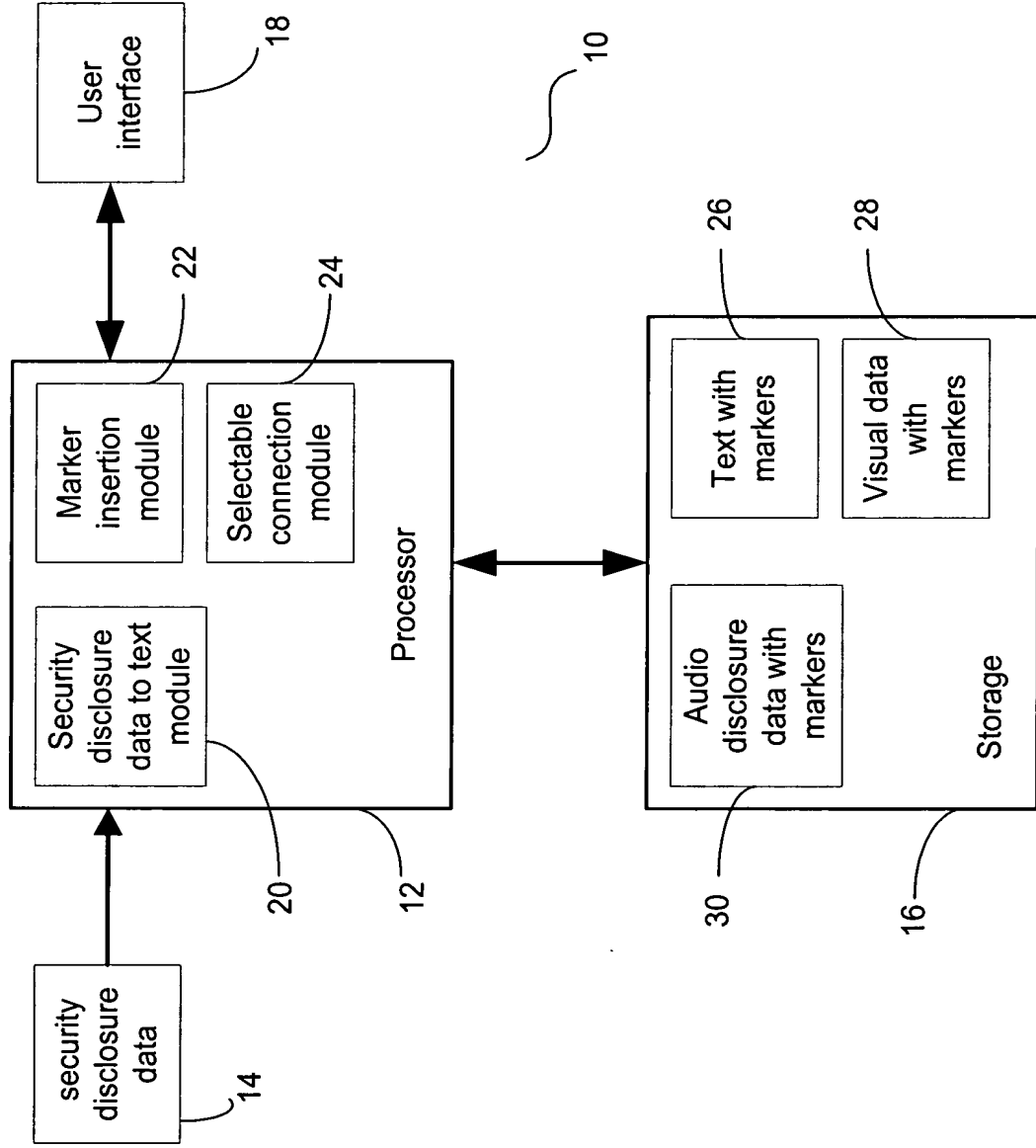


Fig. 2

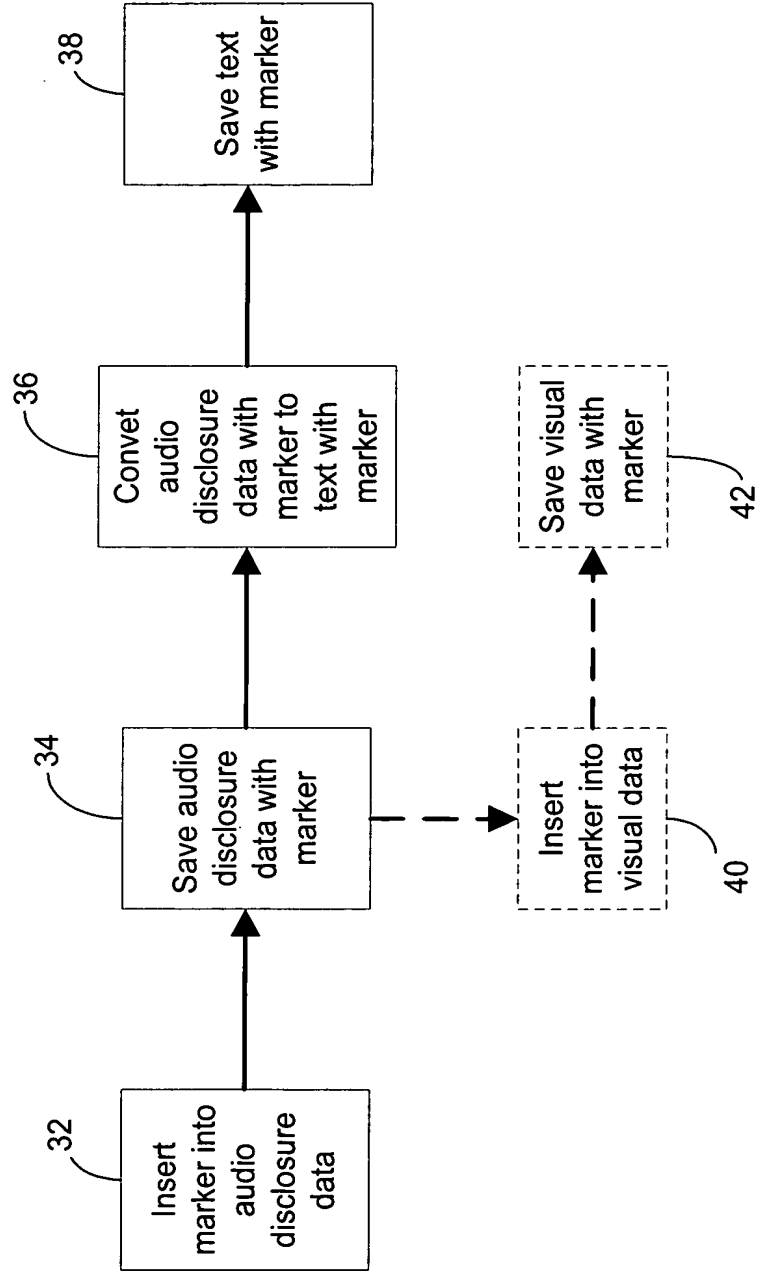
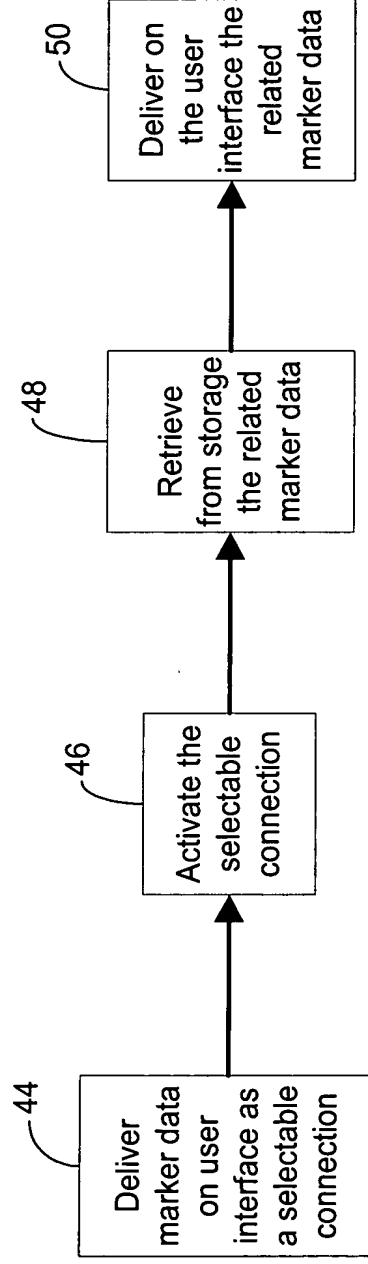


Fig. 3



With the success we had in rapidly implementing our integration and reorganization during the course of 2001 we made clear that in 2002 we would redouble our efforts to grow the [inaudible]. Those efforts continue unabated. We continue to see the balance of the year in line with the guidance we provided in January (ph).

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FINAL TRANSCRIPT

b. Excluding these charges the EPS would have been \$0.57 per share

2. The restructuring and other charges in the quarter and YTD represent the latest actions in the reorganization plan. These actions could only have been undertaken after completing the integration of IFF and BBA.

a. IFF actions, YTD, have eliminated approx 260 positions.

3. Sales for the quarter increased 4% in comparison to the prior year quarter in recorded dollars.

4. The favorable currency translation was principally attributed to the strengthening over Euro, the Pound Sterling, and the Australian dollar vs. the US dollar. In comparison to the prior year quarter these currencies strengthened vs the US dollars 15%, 5%, and 7% respectively.

5. On a local currency basis 3Q03 sales declined about 1%.

6. This performance represented an improvement over both the second quarter and the six month period, ended June 30, 2003. The performance was still less than had been expected.

B. Operations:

1. IFF continues to experience weak sales and fluctuating order patterns with customers, most notably in the US and to a lesser extent in Europe.

2. Parts of Latin America and Asia Pacific, notably Japan, remain weak.

3. IFF saw a significant withdrawal or cancellation of orders in the last two weeks of the second quarter, only to see a very strong order book for July.

a. At that time IFF cautioned it's uncertainty as to if the same pattern would emerge at the end of 3Q or even for more than one quarter. That did turn out to be the case, however.

The restructuring and other charges in the quarter and year-to-date represent the latest actions in our reorganization plan. And as we've previously stated, these actions could have only been undertaken after completing the integration of IFF and BBA and after having performed a thorough analysis and assessment of our company's personnel and processes postintegration. Our actions year-to-date have eliminated approximately 260 positions. We'll complete the balance of the contemplated reorganization this year and will share the remaining details with you as and when appropriate.

Sales for the quarter increased 4% in comparison to the prior year quarter in reported dollars. The favorable currency translation was principally attributable to the strengthening of the euro, the pound sterling, and to a lesser extent the Australian dollar versus the U.S. dollar. In comparison to the prior year quarter these currencies strengthened versus the U.S. dollar by about 15%, 5% and 7% respectively. On a local currency basis the third quarter sales declined about 1%.

This performance represented an improvement over both the second quarter and six-month period ended June 30th, 2003, but the performance was still less than had been expected. We continue to experience weak sales, and fluctuating order patterns with our customers, most notably in the United States and to a lesser extent in Europe. Parts of Latin America and Asia Pacific, notably Japan, remain weak.

You'll recall that we saw significant withdrawal or cancellation of orders in the last two weeks of the second quarter, only to see a very strong order book for July. At that time, we also cautioned that we were uncertain as to whether the same pattern would emerge at the end of the third quarter or, for that matter, in ensuing quarters. And that in fact turned out to be the case—most notably, in North America.

The shortfall arose mainly in the month of September when we saw in excess of \$12 million of orders cancelled or deferred, the majority of which was in North America. The most significant portion of order cancellations were in fine fragrances.

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58

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Fig. 5